

107TH CONGRESS  
1ST SESSION

# H. R. 3073

To provide assistance to small business concerns adversely impacted by the terrorist attacks perpetrated against the United States on September 11, 2001, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 10, 2001

Mr. MANZULLO (for himself, Mr. MORAN of Virginia, Mr. NADLER, Mr. FERGUSON, Mr. MEEKS of New York, Mr. WEINER, Mr. GRUCCI, and Mr. JOHNSON of Illinois) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To provide assistance to small business concerns adversely impacted by the terrorist attacks perpetrated against the United States on September 11, 2001, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “American Small Busi-  
5   ness Emergency Relief and Recovery Act of 2001”.

### 6   **SEC. 2. FINDINGS AND PURPOSE.**

7       (a) FINDINGS.—Congress finds that—

1           (1) the Nation's 25,000,000 small businesses  
2       employ more than 58 percent of the private work-  
3       force, and create 75 percent of all new jobs;

4           (2) as a result of the terrorist attacks on Sep-  
5       tember 11, 2001, many small businesses nationwide  
6       were adversely affected—

7           (A) directly because—

8               (i) they are located in or near the  
9       World Trade Center or the Pentagon, or in  
10      a disaster area declared by the President  
11      or the Administrator;

12              (ii) they were closed or their business  
13      was suspended for National security pur-  
14      poses at the mandate of the Federal Gov-  
15      ernment; or

16              (iii) they are located in an airport  
17      that has been closed; and

18           (B) indirectly because—

19               (i) they supplied or provided services  
20      to businesses that were located in or near  
21      the World Trade Center or the Pentagon;

22               (ii) they are a supplier, service pro-  
23      vider, or complementary industry to any  
24      affected industry, in particular, the finan-  
25      cial, hospitality, and travel industries; or

1 (iii) they are integral to or dependent  
2 upon the business of a closed or suspended  
3 business or business sector; and

4 (3) small business owners adversely impacted  
5 by the terrorist attacks are finding it difficult or  
6 impossible—

7 (A) to make loan payments on existing  
8 debts;

9 (B) to pay their employees;

10 (C) to pay their vendors;

11 (D) to purchase materials, supplies, or in-  
12 ventory;

13 (E) to pay their rent, mortgage, or other  
14 operating expenses; and

15 (F) to secure financing for their busi-  
16 nesses.

17 (b) PURPOSE.—The purpose of this Act is to  
18 strengthen the loan and investment programs of the Small  
19 Business Administration, in order to help small businesses  
20 to meet their existing obligations, finance their businesses,  
21 and maintain and create jobs, and thereby provide sta-  
22 bility to the National economy.

1 **SEC. 3. DISASTER LOANS AFTER TERRORIST ATTACKS.**

2 (a) IN GENERAL.—Section 7(b) of the Small Busi-  
3 ness Act (15 U.S.C. 636(b)) is amended by inserting im-  
4 mediately after paragraph (3) the following:

5 “(4) DISASTER LOANS AFTER TERRORIST AT-  
6 TACKS OF SEPTEMBER 11, 2001.—

7 “(A) LOAN AUTHORITY.—In addition to  
8 any other loan authorized by this section, the  
9 Administration may make such loans (either di-  
10 rectly or in cooperation with banks or other  
11 lending institutions through agreements to par-  
12 ticipate on an immediate or deferred basis) to  
13 a small business concern that has been directly  
14 affected and suffered, or that is likely to suffer,  
15 substantial economic injury as the direct result  
16 of the terrorist attacks perpetrated against the  
17 United States on September 11, 2001, includ-  
18 ing due to the closure or suspension of its busi-  
19 ness for National security purposes at the man-  
20 date of the Federal Government.

21 “(B) DEFERMENT OF LOAN PAYMENTS.—

22 “(i) IN GENERAL.—Notwithstanding  
23 any other provision of law, payments of  
24 principal and interest on a loan made  
25 under this paragraph or paragraph (1) as  
26 a result of the terrorist attacks perpetrated

1           against the United States on September  
2           11, 2001, shall be deferred, and no interest  
3           shall accrue with respect to such loan, dur-  
4           ing the 2-year period following the date of  
5           issuance of such loan.

6           “(ii) RESUMPTION OF PAYMENTS.—At  
7           the end of the 2-year period described in  
8           clause (i), the payment of periodic install-  
9           ments of principal and interest shall be re-  
10          quired with respect to such loan, in the  
11          same manner and subject to the same  
12          terms and conditions as would otherwise be  
13          applicable to any other loan made under  
14          this subsection.

15          “(C) REFINANCING EXISTING LOANS.—

16          “(i) IN GENERAL.—Any loan made  
17          under this subsection that was outstanding  
18          as to principal or interest on September  
19          11, 2001, may be refinanced by a small  
20          business concern that is also eligible to re-  
21          ceive a loan under this paragraph, and the  
22          refinanced amount shall be considered to  
23          be part of the new loan for purposes of  
24          this clause.

1                   “(ii) NO EFFECT ON ELIGIBILITY.—A  
2                   refinancing under this subparagraph by a  
3                   small business concern shall be in addition  
4                   to any other loan eligibility for that small  
5                   business concern under this Act.

6                   “(D) TERMS.—A loan under this para-  
7                   graph shall be made at the same interest rate  
8                   as economic injury loans under paragraph (2).

9                   “(E) NO DISASTER DECLARATION RE-  
10                  QUIRED.—For purposes of assistance under this  
11                  paragraph, no declaration of a disaster area is  
12                  required for those small business concerns di-  
13                  rectly affected by the terrorist attacks per-  
14                  petrated against the United States on Sep-  
15                  tember 11, 2001.

16                  “(F) SIZE STANDARD ADJUSTMENTS.—

17                  “(i) FOR DECLARED DISASTER  
18                  AREAS.—Notwithstanding any other provi-  
19                  sion of law, for purposes of providing as-  
20                  sistance under this paragraph to busi-  
21                  nesses located in areas of New York, Vir-  
22                  ginia, and the contiguous areas designated  
23                  by the President or the Administrator as a  
24                  disaster area following the September 11,  
25                  2001, terrorist attacks against the United

1 States, a business shall be considered to be  
2 a ‘small business concern’ if it meets other-  
3 wise applicable size regulations promul-  
4 gated by the Administration, and, with re-  
5 spect to the applicable size standard it is—

6 “(I) a restaurant having not  
7 more than \$8,000,000 in annual reve-  
8 nues;

9 “(II) a law firm having not more  
10 than \$8,000,000 in annual revenues;

11 “(III) a certified public account-  
12 ing business having not more than  
13 \$8,000,000 in annual revenues;

14 “(IV) a performing arts business  
15 having not more than \$8,000,000 in  
16 annual revenues;

17 “(V) a warehousing or storage  
18 business having not more than  
19 \$25,000,000 in annual revenues;

20 “(VI) a contracting business hav-  
21 ing not more than \$15,000,000 in an-  
22 nual revenues;

23 “(VII) a food manufacturing  
24 business having not more than 1,000  
25 employees; or

1                   “(VIII) an apparel manufac-  
2                   turing business having not more than  
3                   1,000 employees.

4                   “(ii) AUTHORITY TO INCREASE OR  
5                   WAIVE SIZE STANDARDS AND SIZE REGU-  
6                   LATIONS.—For purposes of providing as-  
7                   sistance under this paragraph, at the dis-  
8                   cretion of the Administrator, the Adminis-  
9                   trator may increase or waive otherwise ap-  
10                  plicable size standards or size regulations  
11                  with respect to businesses that are located  
12                  in areas of New York, Virginia, or the con-  
13                  tiguous areas designated by the President  
14                  or the Administrator as a disaster area fol-  
15                  lowing the September 11, 2001, terrorist  
16                  attacks against the United States.

17                  “(iii) EXEMPTION FROM ADMINISTRA-  
18                  TIVE PROCEDURES.—The provisions of  
19                  chapter 8 and subchapter II of chapter 5,  
20                  of title 5, United States Code, shall not  
21                  apply to any increase or waiver by the Ad-  
22                  ministrator under clause (ii).

23                  “(G) DEFINITION OF SUBSTANTIAL ECO-  
24                  NOMIC INJURY.—In this paragraph, the term  
25                  ‘substantial economic injury’ means an eco-



1            nomic harm to a small business concern that  
2            results in the inability of the small business  
3            concern—

4                    “(i) to meet its obligations on an on-  
5                    going basis;

6                    “(ii) to pay its ordinary and necessary  
7                    operating expenses; or

8                    “(iii) to market, produce, or provide a  
9                    product or service ordinarily marketed,  
10                  produced, or provided by the small busi-  
11                  ness concern.

12           “(5) INCREASED LOAN CAPS.—

13                    “(A) AGGREGATE LOAN AMOUNTS.—Ex-  
14                    cept as provided in subparagraph (B), and in  
15                    addition to amounts otherwise authorized by  
16                    this Act, the loan amount outstanding and com-  
17                    mitted to a borrower may not exceed—

18                    “(i) with respect to a small business  
19                    concern located in the areas of New York,  
20                    Virginia, or the contiguous areas des-  
21                    ignated by the President or the Adminis-  
22                    trator as a disaster area following the Sep-  
23                    tember 11, 2001, terrorist attacks per-  
24                    petrated against the United States—

1 “(I) \$6,000,000 in total obliga-  
2 tions under paragraph (1); and

3 “(II) \$6,000,000 in total obliga-  
4 tions under paragraph (4); and

5 “(ii) with respect to a small business  
6 concern that is not located in an area de-  
7 scribed in clause (i) and that is eligible for  
8 assistance under paragraph (4),  
9 \$5,000,000 in total obligations under para-  
10 graph (4).

11 “(B) WAIVER AUTHORITY.—The Adminis-  
12 trator may, at the discretion of the Adminis-  
13 trator, waive the aggregate loan amounts estab-  
14 lished under subparagraph (A).

15 “(6) EXTENDED APPLICATION PERIOD.—Not-  
16 withstanding any other provision of law, the Admin-  
17 istrator shall accept applications for assistance  
18 under paragraphs (1) and (4) until September 10,  
19 2002, with respect to small business concerns ad-  
20 versely affected by the terrorist attacks perpetrated  
21 against the United States on September 11, 2001.

22 “(7) LIMITATION ON SALES OF LOANS.—No  
23 loan made under paragraph (1) or (4) made with re-  
24 spect to adverse impact as a result of the terrorist

1 attacks of September 11, 2001, shall be sold until 4  
2 years after the date of the loan disbursement.

3 “(8) DEFINITION.—For purposes of this  
4 subsection—

5 “(A) a small business concern is directly  
6 affected by the terrorist attacks perpetrated  
7 against the United States on September 11,  
8 2001, if it—

9 “(i) is located in or near the World  
10 Trade Center or the Pentagon, or in a dis-  
11 aster area declared by the President or the  
12 Administrator related to those terrorist at-  
13 tacks;

14 “(ii) was closed or its business was  
15 suspended for National security purposes  
16 at the mandate of the Federal Govern-  
17 ment; or

18 “(iii) is located in an airport that has  
19 been closed; and

20 “(B) a small business concern is indirectly  
21 affected by the terrorist attacks perpetrated  
22 against the United States on September 11,  
23 2001, if it—

24 “(i) supplied or provided services to  
25 small businesses that were located in or

1 near the World Trade Center or the Pen-  
2 tagon, or in a disaster area declared by the  
3 President or the Administrator related to  
4 those terrorist attacks;

5 “(ii) is a supplier, service provider, or  
6 complementary industry to any affected in-  
7 dustry, in particular, the financial, hospi-  
8 tality, and travel industries; or

9 “(iii) it is integral to or dependent  
10 upon the business of a closed or suspended  
11 business or business sector.”.

12 (b) CLERICAL AMENDMENTS.—Section 7(b) of the  
13 Small Business Act (15 U.S.C. 636(b)) is amended in the  
14 undesignated matter at the end—

15 (1) by striking “, (2), and (4)” and inserting  
16 “and (2)”;

17 (2) by striking “, (2), or (4)” and inserting  
18 “(2)”.

19 **SEC. 4. EMERGENCY RELIEF LOAN PROGRAM.**

20 Section 7(a) of the Small Business Act (15 U.S.C.  
21 636(a)) is amended by adding at the end the following:

22 “(31) TEMPORARY LOAN AUTHORITY FOL-  
23 LOWING TERRORIST ATTACKS.—

24 “(A) IN GENERAL.—During the 1-year pe-  
25 riod beginning on the date of enactment of this

1 paragraph, the Administration may make loans  
2 under this subsection to a small business con-  
3 cern that has suffered, or that is likely to suf-  
4 fer, adverse impact.

5 “(B) LOAN TERMS.—With respect to a  
6 loan under this paragraph—

7 “(i) for purposes of paragraph (2)(A),  
8 participation by the Administration shall  
9 be equal to 90 percent of the balance of  
10 the financing outstanding at the time of  
11 disbursement of the loan;

12 “(ii) no fee may be required or  
13 charged under paragraph (18);

14 “(iii) the applicable rate of interest  
15 shall not exceed a rate that is one percent-  
16 age point above the prime lending rate;

17 “(iv) no such loan shall be made if the  
18 total amount outstanding and committed  
19 (by participation or otherwise) to the bor-  
20 rower under this paragraph—

21 “(I) would exceed \$1,000,000; or

22 “(II) at the discretion of the Ad-  
23 ministrator, and upon notice to the  
24 Congress, would exceed \$2,000,000,  
25 as necessary to provide relief in high-

1 cost areas that have suffered adverse  
2 impact; and

3 “(v) upon request of the borrower, re-  
4 payment of principal due on a loan made  
5 under this paragraph may be deferred dur-  
6 ing the 1-year period beginning on the date  
7 of issuance of the loan.

8 “(C) APPLICABILITY.—The loan terms de-  
9 scribed in subparagraph (B) shall apply to a  
10 loan under this paragraph notwithstanding any  
11 other provision of this subsection, and except as  
12 specifically provided in this paragraph, a loan  
13 under this paragraph shall otherwise be subject  
14 to the same terms and conditions as any other  
15 loan under this subsection.

16 “(D) DEFINITION.—For purposes of this  
17 paragraph, the term ‘adverse impact’ means an  
18 economic harm to or disruption of the business  
19 operations of a small business concern as a di-  
20 rect or indirect result of the terrorist attacks  
21 perpetrated against the United States on Sep-  
22 tember 11, 2001.”.

1 **SEC. 5. BUSINESS LOAN AND INVESTMENT ASSISTANCE**  
2 **FOLLOWING TERRORIST ATTACKS.**

3 (a) ONE-YEAR SUSPENSION OF SECTION 7(a)  
4 FEES.—Section 7(a)(18) of the Small Business Act (15  
5 U.S.C. 636(a)(18)) is amended by adding at the end the  
6 following:

7 “(C) ONE-YEAR WAIVER OF FEES FOL-  
8 LOWING TERRORIST ATTACKS.—For loans ap-  
9 proved on or after the date of enactment of the  
10 American Small Business Emergency Relief and  
11 Recovery Act of 2001, no fee may be collected  
12 or charged under this paragraph, and no fee  
13 shall accrue with respect to a borrower, during  
14 the 1-year period beginning on that date of en-  
15 actment.”.

16 (b) ONE-YEAR INCREASE IN PARTICIPATION LEV-  
17 ELS.—Section 7(a)(2) of the Small Business Act (15  
18 U.S.C. 636(a)(2)) is amended—

19 (1) in subparagraph (A), by striking “subpara-  
20 graph (B)” and inserting “subparagraphs (B) and  
21 (E)”; and

22 (2) by adding at the end the following:

23 “(E) TEMPORARY PARTICIPATION LEVELS  
24 FOLLOWING TERRORIST ATTACKS.—For loans  
25 approved on or after the date of enactment of  
26 the American Small Business Emergency Relief

1 and Recovery Act of 2001, during the 1-year  
2 period beginning on that date of enactment—

3 “(i) the guarantee percentage speci-  
4 fied by subparagraph (A)(i) shall be in-  
5 creased to 85 percent; and

6 “(ii) the guarantee percentage speci-  
7 fied by subparagraph (A)(ii) shall be in-  
8 creased to 90 percent.”.

9 (c) ONE-YEAR SUSPENSION OF SECTION 504  
10 FEES.—Section 503 of the Small Business Investment Act  
11 of 1958 (15 U.S.C. 697) is amended—

12 (1) in subsection (b)(7)(A), by striking “which  
13 amount shall” and inserting “which amount shall  
14 not be assessed or collected with respect to  
15 financings made on or after the date of enactment  
16 of the American Small Business Emergency Relief  
17 and Recovery Act of 2001, and no amount shall ac-  
18 crue, during the 1-year period beginning on that  
19 date of enactment, and which amount shall other-  
20 wise”; and

21 (2) in subsection (d)(2), by adding at the end  
22 the following: “No fee may be assessed or collected  
23 under this paragraph with respect to financings  
24 made on or after the date of enactment of the Amer-  
25 ican Small Business Emergency Relief and Recovery



1 Act of 2001, and no fee shall accrue, during the 1-  
2 year period beginning on that date of enactment.”.

3 (d) BUDGETARY TREATMENT OF LOANS AND  
4 FINANCINGS.—Any assistance made available under any  
5 loan issued by the Small Business Administration under  
6 section 7(a)(31) or 7(b)(4) of the Small Business Act (15  
7 U.S.C. 636(a)) or any financings made under title III or  
8 V of the Small Business Investment Act of 1958 (15  
9 U.S.C. 697a), as a result of this Act and the amendments  
10 made by this Act during the 1-year period beginning on  
11 the date of enactment of this Act, shall be excluded from  
12 any calculation of the subsidy rate with respect to the pro-  
13 grams of the Small Business Administration under those  
14 provisions for purposes of the Federal Credit Reform Act  
15 of 1990.

16 **SEC. 6. APPROVAL PROCESS.**

17 Notwithstanding any other provision of law, and in  
18 order to make assistance provided under this Act available  
19 to all eligible small business concerns, the Administrator  
20 of the Small Business Administration may adopt such ap-  
21 proval processes as the Administrator determines to be ap-  
22 propriate for the provision of assistance under the amend-  
23 ments made by sections 4 and 5.

1 **SEC. 7. ADDITIONAL SBIC AUTHORITY.**

2 Section 303 of the Small Business Investment Act  
3 of 1958 (15 U.S.C. 683) is amended by adding at the end  
4 the following:

5 “(k) **AUTHORITY AFTER TERRORIST ATTACKS OF**  
6 **SEPTEMBER 11, 2001.**—Small business investment com-  
7 panies may issue leverage under this title for the purpose  
8 of providing assistance to small business concerns ad-  
9 versely impacted, directly or indirectly, by the terrorist at-  
10 tacks perpetrated against the United States on September  
11 11, 2001.”.

12 **SEC. 8. STUDY AND REPORT ON EFFECTS ON SMALL BUSI-**  
13 **NESS CONCERNS.**

14 (a) **STUDY.**—

15 (1) **IN GENERAL.**—The Office of Advocacy of  
16 the Small Business Administration shall conduct an-  
17 nual studies for a 5-year period on the impact of the  
18 terrorist attacks perpetrated against the United  
19 States on September 11, 2001, on small business  
20 concerns, and the effects of assistance provided  
21 under this Act on such small business concerns.

22 (2) **CONTENTS.**—The study conducted under  
23 paragraph (1) shall include information regarding—

24 (A) bankruptcies and business failures that  
25 occurred as a result of the events of September

1 11, 2001, as compared to those that occurred  
2 in 1999 and 2000;

3 (B) the loss of jobs, revenue, and profits in  
4 small business concerns as a result of those  
5 events, as compared to those that occurred in  
6 1999 and 2000;

7 (C) the impact of assistance provided  
8 under this Act to small business concerns ad-  
9 versely affected or adversely impacted by those  
10 attacks, including information regarding  
11 whether—

12 (i) small business concerns that re-  
13 ceived such assistance would have re-  
14 mained in business without such assist-  
15 ance;

16 (ii) jobs were saved due to such assist-  
17 ance;

18 (iii) small business concerns recovered  
19 economically from those events; and

20 (iv) small business concerns that re-  
21 mained in business had increases in em-  
22 ployment and sales since receiving assist-  
23 ance.

24 (b) REPORT.—The Office of Advocacy shall submit  
25 a report to Congress on the studies required by subsection

1 (a)(1), specifically addressing the requirements of sub-  
 2 section (a)(2) in September of each of fiscal years 2002  
 3 through 2006.

4 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
 5 authorized to be appropriated to carry out this section  
 6 \$125,000 for each of fiscal years 2002 through 2006.

7 **SEC. 9. INCREASED AUTHORIZATIONS OF APPROPRIA-**  
 8 **TIONS.**

9 Section 20 of the Small Business Act (15 U.S.C. 631  
 10 note) is amended by adding at the end the following:

11 “(j) SPECIAL AUTHORIZATIONS OF APPROPRIATIONS  
 12 FOLLOWING TERRORIST ATTACKS.—In addition to any  
 13 other amounts authorized by this Act for any fiscal year,  
 14 there are authorized to be appropriated to the Administra-  
 15 tion, to remain available until expended—

16 “(1) for fiscal year 2002 and each fiscal year  
 17 thereafter, such sums as may be necessary to carry  
 18 out paragraph (4) of section 7(b), including nec-  
 19 essary loan capital and funds for administrative ex-  
 20 penses related to making and servicing loans pursu-  
 21 ant to that paragraph;

22 “(2) for fiscal year 2002 and each fiscal year  
 23 thereafter, such sums as may be necessary to carry  
 24 out paragraphs (2)(E), (18)(C), and (31) of section  
 25 7(a), including any funds necessary to offset fees

1       and amounts waived under those provisions, nec-  
2       essary loan capital, and funds for administrative ex-  
3       penses;

4               “(3) for fiscal year 2002, such sums as may be  
5       necessary to carry out the 1-year suspension of fees  
6       under subsections (b)(7)(A) and (d)(2) of section  
7       503 of the Small Business Investment Act of 1958,  
8       in response to the acts of terrorism perpetrated  
9       against the United States on September 11, 2001,  
10      including any funds necessary to offset fees and  
11      amounts waived under those provisions and includ-  
12      ing funds for administrative expenses; and

13              “(4) for fiscal year 2002, for assistance author-  
14      ized by section 303(k) of the Small Business Invest-  
15      ment Act of 1958—

16                      “(A) \$700,000,000 in purchases of partici-  
17                      pating securities; and

18                      “(B) \$200,000,000 in guarantees of de-  
19                      bentures.”.

○